Quality, Compliance & Sustainability

Ho Chi Minh City, July 10th 2013
Content:

1. Basic overview of US Product Safety Requirements
2. Testing and Certification Rule
3. The iComply™
4. Solution Supply chain: The 4 generations of factories
5. Compliance and Sustainability
Who is Intertek?
Intertek provides quality and safety services that not only help customers provide quality products and services but also adds value to their business.

We deliver these services through our global network and as a result have developed an unrivalled reputation for fast execution of work.
Main Activity

**Industry:**
- Textile & Garment
- Footwear
- Toy
- Furniture
- Handicraft
- Ceramic
- Food

**Testing**
- Physical, mechanical and chemical performance
- Flammability test
- Safety test
- Hazardous Chemical

**Inspection**
- Pre-production
- During production (in line inspection)
- Pre-shipment

**Audit Certification**
- Social compliance
- Buyer’s Code of Conduct
- International program: SA 8000, BSCI, WRAP
- Intertek own program: TGI, WCA, MQP, SQP, GSV

**Training**
- In-house lab technician
- Internal auditor
- Product safety (GS Mark, Toy, REACH, RoHS…)
- Foods Global standards (Global Gap; BRC; …)
1. Basic Overview of US Product Safety Requirements

- The US Consumer Product Safety Commission (CPSC) oversees the safety of “consumer products” in the US (does not include food, drugs, cosmetics, vehicles or workplace products).
- Most “children’s products” (intended for children under 13 years) and some non-children’s products are subject to mandatory safety standards (e.g., lead ban, clothing flammability, etc.).
- General prohibition on selling products that pose a “substantial product hazard” (can cause injury) to consumers.
- CPSC can seek recalls and penalties for either violative (standards) or hazardous (dangerous) products.
2. Testing and Certification Rule: Overview of Requirements

Required (Mandatory) for Children’s Products Manufactured since February 8, 2013.

4 Key Elements:

1. Certification testing
2. Periodic Testing/Production Testing Plan
3. Material Change requires retesting
4. Undue Influence policies and training

• All above must provide certifier with a “High Degree of Assurance” (HDOA) of compliance with standards.

• Products must be certified on a per factory basis. (The same product produced at two manufacturing locations will require separate certifications.)
A web-based, artificial intelligence application facilitating collaborative supply chain assembly of technical files required in multiple jurisdictions (EU, US & Canada):

• **CAPTURE** compliance documentation across multiple products and manufacturers

• **CREATE** a Production Testing Plan (PTP) referencing test requirements, frequency and number of results required per intervention satisfying both periodic and production testing

• **GENERATE** a Certificate of Conformity

• **MANAGE** compliance without increasing quality assurance staff or overhead costs

• **TRACK** material change, remedial actions and policies to prohibit “Undue Influence” across the supply chain

Through iComply™, you can demonstrate a “High Degree of Assurance” that your products comply with mandatory regulations.
4. Supply chain

The 4 Generations of Factories

<table>
<thead>
<tr>
<th>GENERATION 1</th>
<th>GENERATION 2</th>
<th>GENERATION 3</th>
<th>GENERATION 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ No QA policies</td>
<td>▪ Policies exist, not ‘owned’ at board level</td>
<td>▪ QA policies exist and reviewed</td>
<td>▪ Full board commitment</td>
</tr>
<tr>
<td>▪ Variable standards</td>
<td>▪ Some auditing</td>
<td>▪ Some board commitment</td>
<td>▪ Leading policies beyond legal minimum</td>
</tr>
<tr>
<td>▪ No budget for QA, OHS, EMS, CSR</td>
<td>▪ Budget exists but QA seen as a cost</td>
<td>▪ Good communication</td>
<td>▪ Excellent communication and commitment</td>
</tr>
<tr>
<td>▪ Cost driven culture</td>
<td>▪ Systems/ standards seen as impractical</td>
<td>▪ Positive attitude from management</td>
<td>▪ Internal &amp; external auditing</td>
</tr>
<tr>
<td>▪ No visibility</td>
<td>▪ Little visibility</td>
<td>▪ Visibility to stakeholders</td>
<td>▪ QA a competitive advantage</td>
</tr>
</tbody>
</table>

Very Low Performance

Low Performance

Medium Performance

High Performance

90% Supply Chain

Continuous Improvement Journey

REACTIVE

PROACTIVE
4. Supply chain

Supplier Improvement
Building a Stairway to Success

Very Low Performance
Low Performance
Medium Performance
High Performance

Entry
Compliance
Commitment
Cooperation

PERFORMANCE
TIME
5. Compliance & Sustainability

Global Security Verification

Workplace Conditions Assessment

Think Green Initiative
Questions?

THANK YOU!

Intertek Vietnam Ltd

1st Floor, Etown EW Building,
364 Cong Hoa Street, Ward 13,
Tan Binh District, HCMC, Vietnam

Email: consumergoods.vietnam@intertek.com
Valued Quality. Delivered.